



**Cavanaugh Macdonald**  
CONSULTING, LLC

*The experience and dedication you deserve*

**Report of the Actuary on the Annual Valuation of  
the City of East Point Employees Retirement Plan**

**Prepared as of January 1, 2021  
For the City's Fiscal Year July 1, 2022 - June 30, 2023**





















































## Section VII – Data

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- A. Data regarding the participants in the Plan for use as a basis of the valuation were furnished by the City and Resource Centers. The valuation included active participants with annualized compensation totaling \$22,847,608.
- B. The following table shows the number of retired participants and beneficiaries as of January 1, 2021, together with the amount of their annual retirement benefits payable under the Plan as of that date.

**The Number and Average Annual Benefits of  
Retired Participants and Beneficiaries  
as of January 1, 2021**

Group	Number	Average Annual Benefits
Service Retirements	269	\$ 27,168
Beneficiaries of Deceased Members	75	16,266
Disability Retirements	<u>3</u>	17,588
Total	347	\$ 24,729

- C. Table 1 on the next page shows the distribution by age and years of service of the number of active participants included in the valuation, while Table 2 shows the number and annual benefits of retired participants and beneficiaries included in the valuation, distributed by age. Table 3 shows the reconciliation of valuation data from last year's valuation carried forward to this year's valuation. Table 4 shows the historical cost-of-living increases for the Plan.





## Section VII – Data

**Table 1: Distribution of Active Participants by Age and Service Groups as of January 1, 2021**

Attained Age	Completed Years of Service									Total
	Under 3	3 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 or More	
Under 25	15	0	1	0	0	0	0	0	0	16
Average Pay	34,405	0	34,897	0	0	0	0	0	0	34,436
25 to 29	25	13	5	0	0	0	0	0	0	43
Average Pay	39,123	45,694	43,304	0	0	0	0	0	0	41,596
30 to 34	32	17	11	4	0	0	0	0	0	64
Average Pay	41,201	41,284	50,450	50,287	0	0	0	0	0	43,381
35 to 39	26	9	8	10	0	0	0	0	0	53
Average Pay	42,090	58,215	44,601	53,920	0	0	0	0	0	47,440
40 to 44	16	6	16	9	7	2	0	0	0	56
Average Pay	44,554	35,704	46,165	57,511	53,905	55,267	0	0	0	47,700
45 to 49	20	5	6	15	9	17	1	0	0	73
Average Pay	45,057	45,287	37,649	59,336	51,895	67,958	113,500	0	0	54,511
50 to 54	15	1	8	11	8	8	8	3	0	62
Average Pay	40,398	38,816	45,523	51,995	54,855	59,233	77,281	91,210	0	54,605
55 to 59	10	5	10	7	8	6	3	4	1	54
Average Pay	40,107	49,550	44,755	47,508	46,775	46,654	36,963	62,058	83,738	46,776
60 to 64	4	6	7	9	6	5	0	1	0	38
Average Pay	39,857	54,292	46,333	58,734	51,402	50,610	0	45,942	0	51,198
65 to 69	1	1	5	4	0	0	0	0	0	11
Average Pay	70,106	55,644	43,783	59,181	0	0	0	0	0	52,853
70 & up	0	0	0	0	2	0	1	0	0	3
Average Pay	0	0	0	0	36,792	0	54,895	0	0	42,826
Total Count	164	63	77	69	40	38	13	8	1	473
Average Pay	41,204	46,483	45,230	55,331	50,986	59,807	69,041	70,975	83,738	48,304



## Section VII – Data

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**Table 2: Number of Retired Participants and Beneficiaries and their Benefits as of January 1, 2021**

Attained Age	Number of Members	Total Annual Benefits	Average Annual Benefit
49 & Under	3	\$ 48,900	\$ 16,300
50 – 54	10	182,954	18,295
55 – 59	20	454,761	22,738
60 – 64	46	1,068,204	23,222
65 – 69	65	1,938,222	29,819
70 – 74	86	2,198,485	25,564
75 – 79	56	1,555,012	27,768
Over 80	<u>61</u>	<u>1,134,370</u>	18,596
<b>Total</b>	<b>347</b>	<b>\$ 8,580,908</b>	<b>\$ 24,729</b>



## Section VII – Data

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**Table 3: Reconciliation of Plan Participants as of January 1, 2021**

	Active Participants	Inactive Participants with Deferred Benefits	Inactive Participants Receiving Benefits	Total
<b>January 1, 2020</b>	<b>473</b>	<b>25</b>	<b>351</b>	<b>849</b>
Retirements	(14)	(5)	19	
Deaths	(1)		(26)	<b>(27)</b>
Non Vested Terminations	(2)			<b>(2)</b>
Vested Terminations				
Refunds	(33)			<b>(33)</b>
Rehires	3			<b>3</b>
New Entrants	47			<b>47</b>
New Beneficiaries			6	<b>6</b>
Benefits Expired			(3)	<b>(3)</b>
Data Adjustments				
Net Change		(5)	(4)	<b>(9)</b>
<b>January 1, 2021</b>	<b>473</b>	<b>20</b>	<b>347</b>	<b>840</b>



## Section VII – Data

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**Table 4: Historical COLA Rates**

Effective Date	History of COLA	
	January 31	Class 5
1999	1.5%	0.0%
2000	2.6%	2.6%
2001	3.0%	0.0%
2002	1.9%	1.9%
2003	2.2%	0.0%
2004	1.8%	2.0%
2005	3.0%	0.0%
2006	3.0%	0.0%
2007	2.0%	2.0%*
2008	3.0%	0.0%
2009	1.1%	0.0%
2010	1.8%	1.1% <sup>^</sup>
2011	1.1%	0.0%
2012	3.0%	0.0%
2013	1.8%	0.0%
2014	1.2%	0.0%
2015	1.3%	1.3%**
2016	0.5%	0.0%
2017	1.7%	1.7% <sup>^^</sup>
2018	2.2%	2.2%
2019	2.2%	0.0%
2020	2.1%	0.0%
2021	1.2%	0.0%
Total	45.1%	14.8%
	23	23
	1.63%	0.60%

\* Effective July 1, 2007

<sup>^</sup> Effective July 1, 2010

\*\*Effective July 1, 2015

<sup>^^</sup>Effective May 1, 2017



## Section VIII - Actuarial Assumptions & Methods

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**A. Investment Return:**

7.00% per year, compounded annually.

**B. Inflation:**

2.25% per year

**C. Salary Increases:**

3.50% per year

**D. Cost of Living Adjustment**

2.25% per year

**E. Pre Retirement Mortality:** PUB-2010 Headcount-Weighted Safety and General (Employee) Mortality Table with fully generational projection and mortality improvement scale MP-2020.

**F. Post Retirement Mortality:**

**Service Retirement:** PUB-2010 Headcount-Weighted Safety and General (Healthy Retiree) Mortality Table with fully generational projection and mortality improvement scale MP-2020.

**Beneficiary:** PUB-2010 Headcount-Weighted Safety and General (Contingent Survivor) Mortality Table with fully generational projection and mortality improvement scale MP-2020.



## Section VIII - Actuarial Assumptions & Methods

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**G. Post Disablement Mortality:** PUB-2010 Headcount Weighted Safety and General (Disabled Retiree) Mortality Table with fully generational projection and mortality improvement scale MP-2020.

**H. Separation From Active Service:**

Representative values of the assumed annual rates of withdrawal and disability are shown in the following table.

<b>Age</b>	<b>Rates of Termination</b>	<b>Rates of Disability</b>
20	25.80%	.05%
25	19.80	.06
30	15.60	.06
35	12.15	.06
40	9.45	.07
45	7.80	.10
50	5.85	.18
55	0.00	.34



## Section VIII - Actuarial Assumptions & Methods

Representative values of the assumed annual rates of retirement are shown in the following table.

Age	Rates of Retirement	
	Class 2 & 5	Class 3
50 - 59	5%	5%
60	5	100
61	5	100
62	5	100
63	5	100
64	5	100
65	100	100

### I. Actuarial Value of Assets:

The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed prior year valuation rate of 7.00%. The amount recognized each year is 20% of the difference between market value and expected market value.

### J. Actuarial Cost Method:

Entry Age Normal. This method produces a normal cost as a level percentage of pay over the service life of each participant and amortization of the Unfunded Actuarial Accrued Liability (UAAL). Gains and losses are reflected in the Unfunded Actuarial Accrued Liability and are included in its amortization. The unfunded actuarial accrued liabilities are amortized over a level dollar closed four-year period.

### K. Percent Married:

80% of the plan participants are assumed married with males three years older than females.

The active retiree liability contains a 2% load to account for the GATT lump sum option available to retirees upon retirement.



## Section IX – Plan Provisions

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### A. **Effective Date**

As amended and restated to January 1, 2013

### B. **Eligibility Requirements**

Employees working 40 hours (not casual employees) per week, or firefighters on 24 hour on/48 hour off schedule. Certain management positions may be excluded from the Plan.

### C. **Classes**

Class 1: Transferred from old Plan on June 19, 1975  
Class 2: General Employees and elected officials hired before April 1, 1992  
Class 3: Police and Firefighters hired before April 1, 1992  
Class 5: Eligible full-time employees hired on or after April 1, 1992

Note: Any Class may elect the Class 5 benefit.

### D. **Compensation**

Excludes overtime pay, bonuses, fringe benefits and reimbursed expenses. Annual maximum \$200,000 as adjusted by the Secretary of the Treasury.

### E. **Average Monthly Compensation (AMC)**

Classes 2-3: Monthly average of the highest consecutive five years of earnings.  
Class 5: Sum of highest 78 consecutive pay periods divided by 36.

### F. **Normal Form of Payment**

Class 1: 66 2/3% Joint and Survivor Annuity  
Class 3: Life Annuity  
Class 2 & 5: 75% Joint and Survivor Annuity

### G. **Participant Contributions**

Effective July 1, 1998, participants contribute 6% of pay on a before-tax basis. The plan was noncontributory prior to July 1, 1998.





## Section IX – Plan Provisions

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### H. Normal Retirement Date

- Class 2: Age 65 and 10 years of service. If elected official, Age 60 and 5 years of service.
- Class 3: Age 55 and 10 years of service.
- Class 5: Age 65 (55 Police and Firefighters) and 10 years of service. If elected official, Age 60 and 5 years of service.

### I. Early Retirement

- Class 2 & 3: Age 50 and 10 years of service
- Class 5: Age 55 and 10 years of service for general employees. Age 50 and 10 years of service for Police and Firefighters.

The benefit is reduced 3% for each year retirement proceeds Normal Retirement Date.

### J. Retirement Benefit Formula (Accrued Benefit)

- Class 2 & 3: 2.25% times AMC times service
- Class 5: Elected: \$30 times service.  
Non Elected: AMC times service times Applicable Benefit Percentage

<u>Retirement Age</u>	<u>Applicable Benefit Percentage</u>
50	1.75%*
51	1.80*
52	1.85*
53	1.90*
54	1.95*
55	2.00
56	2.05
57	2.10
58	2.15
59	2.20
60	2.30
61	2.40
62	2.50
63	2.60
64	2.70
65 and above	2.80

\*Applicable to Police Officers and Firefighters



## Section IX – Plan Provisions

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### K. Vesting

Class 2 & 3: 10 years

Class 5: 10 years of service and be within 10 years of earliest retirement date. If elected official, 5 years of service.

### L. Termination of Employment Before Retirement

Class 5: A 1-time lump sum payment in accordance with the following schedule:

<u>Years of Credited Service</u>	<u>Percentage of Employee Contributions</u>
<1	100%
1 < 2	110
2 < 3	120
3 < 4	130
4 < 5	140
5 < 6	150
6 < 7	160
7 < 8	170
8 < 9	180
9 < 10	190
10 < 11	200
11 < 12	220
12 < 13	240
13 < 14	260
14 < 15	280
15 < 16	300
16 < 17	320
17 < 18	340
18 < 19	360
19 < 20	380
20 < 21	400
21 < 22	420
22 < 23	440
23 < 24	460
24 < 25	480
25 or more	500

Payments to deceased active or retired Class 5 participants will at least equal the above lump sum. Vested employees may elect a deferred monthly benefit.



## Section IX – Plan Provisions

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### M. Disability Benefit

- Class 2 & 3: Annuity payable immediately equal to the greater of Accrued Benefit or 20% times average monthly compensation for the last 12 calendar months.
- Class 5: For less than 10 years of service, lump sum termination benefit. For 10 or more years of service, annuity payable immediately equal to the Accrued Benefit payable at the Normal Retirement Date.

### N. Death Benefits for Death Prior to Retirement

- Class 2 & 3: Actuarial reserve at age 65 with add-on (maximum 10 years) for full-time employees employed prior to December 1, 1987. Actuarial reserve without add-on for elected officials and full-time employees employed on and after December 1, 1987.
- Class 5: For active and terminated vested employees, spouse's annuity equal to the greater of the Accrued Benefit or, if an active employee, but not elected official, 60% of AMC. This is actuarially reduced for a qualified spouse under age 50. Minimum of service time \$30.

### O. Death Benefits after Retirement

- Class 1: Married: Spouse will receive 2/3 of the benefit received by the member until the earlier of his/her death or remarriage.  
Unmarried: The benefit paid to the beneficiary is dependent on the form of payment chosen at retirement by the member.
- Class 2 & 3: The benefit paid to the beneficiary is dependent on the form of payment chosen at retirement by the member.
- Class 5: Qualified Spouses, or Children until age 18 (24 if a full-time student), will receive a benefit equal to 75% of the member's benefit. The total distribution to member and beneficiary must be at least equal to the lump sum termination benefit.

### P. Cost of Living Adjustment (COLA)

- Class 1-3: The yearly percentage increase of the Consumer Price Index (CPI) of the most recent November CPI reading. The maximum COLA is 3%, and there is no reduction of benefits if the CPI decreases.
- Class 5: Retirement benefits are subject to a cost of living review and possible adjustment each two years by the City Council.